

EXHIBIT 1

INTRODUCTION

Respondent Paul Glaab was a member of the board of directors of the California Earthquake Authority (the “CEA”). He assumed office on January 15, 1999, and left office on September 30, 2002. As a board member of the CEA, Respondent was a designated employee of the CEA, as defined in section 82019, subdivision (c) of the Political Reform Act (the “Act”),¹ and in the conflict of interest code for the CEA.

Under the Act and the conflict of interest code for the CEA, each designated employee of the CEA is required to file an annual statement of economic interests for each year that he or she remains in office by April 1st of the following year (unless April 1st falls on a Saturday, Sunday, or official holiday, in which case the filing deadline is extended to the next regular business day).² On the statement of economic interests, the designated employee must disclose his or her reportable economic interests held during the preceding calendar year. Additionally, each designated employee is also required to file a statement of economic interests within 30 days of leaving office. The leaving office statement must disclose the employee’s reportable economic interests held between the closing date of the last required statement, and the date of leaving office.

In this matter, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date, and he failed to file a leaving office statement of economic interests by the October 30, 2002 due date.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

Count 1: As a designated employee of the California Earthquake Authority, Respondent Paul Glaab failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of section 87300 of the Government Code.

Count 2: As a designated employee of the California Earthquake Authority, Respondent Paul Glaab failed to file a leaving office statement of economic interests by October 30, 2002, in violation of section 87300 of the Government Code.

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

² Regulation 18116.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency's conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and other income. Under section 82019, subdivision (c), and section 87302, subdivision (a), the persons who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the person's economic interests.

Section 87302, subdivision (b) provides that an agency's conflict of interest code must require each designated employee to file an annual statement of economic interests, for each year that the employee remains in office, at a time specified in the agency's conflict of interest code, disclosing his or her reportable economic interests held during the preceding calendar year. Additionally, section 87302, subdivision (b), provides that an agency's conflict of interest code must require each designated employee to file a statement of economic interest within 30 days of leaving office, disclosing his or her reportable economic interests for the period between the closing date of the last statement required to be filed and the date of leaving office.

Under section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

SUMMARY OF THE FACTS

COUNT 1

Failure to Timely File a 2001 Annual Statement of Economic Interests

Respondent Paul Glaab was a member of the board of directors of the California Earthquake Authority from January 15, 1999 to September 30, 2002. As a board member of the CEA, Respondent was a designated employee of the CEA, and was therefore required to file a 2001 annual statement of economic interests by April 2, 2002, because April 1st fell on a holiday that year.

On January 14, 2002, Niel Hall, the filing official for the CEA, sent a memorandum to Respondent informing him of the requirement to file a 2001 annual statement of economic interests by April 2, 2002.

Respondent failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of section 87300.

On May 16, 2002, Emily Bowden of the SEI Unit for the Fair Political Practices Commission (the "Commission") sent a letter to Respondent reminding him that his 2001 annual statement of economic interests was past due, and asking him to file the statement as soon as possible. On July 1, 2002, Ms. Bowden sent a second letter to Respondent advising him that his 2001 annual statement of economic interests remained past due. The letter further advised Respondent that the matter would be referred to the Commission's Enforcement Division, if the delinquent statement was not received within ten days.

When the statement was not filed in response to the notices, the matter was referred to the Enforcement Division.

On August 15, 2002, Mary Ann Kvasager, the SEI Coordinator for the Enforcement Division, attempted to contact Respondent by telephone, leaving him a message reminding him that his 2001 annual statement of economic interests was past due, and instructing him to file the statement immediately. On August 19, 2002, Ms. Kvasager contacted Respondent by telephone. During that telephone conversation, Respondent informed Ms. Kvasager that he was working on the statement, and would mail it by August 20, 2002.

When Respondent failed to file his 2001 annual statement of economic interests, the matter was referred to an attorney in the Enforcement Division. A report in support of probable cause was served on Respondent in August 2003.

In conjunction with reaching a settlement of this matter, Respondent filed a 2001 annual statement of economic interests on April 14, 2004.

COUNT 2

Failure to Timely File a Leaving Office Statement of Economic Interests

As a board member of the CEA, Respondent was a designated employee of the CEA, and therefore required to file a statement of economic interests within 30 days of leaving office, disclosing his reportable economic interests held between the closing date of the last statement required to be filed, January 1, 2002, and the date he left office, September 30, 2002.

On October 3, 2002, Niel Hall, the filing official for the CEA, sent Respondent a memorandum informing him that he was required to file a leaving office statement of economic interests by October 30, 2002. In spite of the notice, Respondent failed to file a leaving office statement of economic interests by October 30, 2002, in violation of section 87300.

On November 14, 2002, Emily Bowden of the SEI Unit for the Commission, sent Respondent a letter advising him that his leaving office statement of economic interests was past

due, and asking him to file the statement as soon as possible.

On December 18, 2002, Ms. Bowden sent a second letter to Respondent, reminding him that his leaving office statement of economic interests remained past due. The letter further advised Respondent that the matter would be referred to the Commission's Enforcement Division, if the statement was not received within ten days. When the statement was not filed in response to this second letter, the matter was referred to the Enforcement Division.

As stated in Count 1 above, a report in support of probable cause was served on Respondent in August 2003. In conjunction with reaching a settlement of this matter, Respondent filed a leaving office statement of economic interests on April 14, 2004.

CONCLUSION

This matter consists of two counts of violating section 87300, which carries a maximum administrative penalty of Ten Thousand Dollars (\$10,000). Under the SEI Expedited Procedures adopted by the Commission in July 1999, the approved administrative penalty in a case such as this is between \$400-\$600 for each violation. Respondent filed his delinquent statements after being contacted by an Enforcement Division attorney and cooperated with reaching an early resolution of this matter.

Therefore, the facts of the case justify imposition of the agreed-upon administrative penalty of \$400 for each violation, for a total administrative penalty of Eight Hundred Dollars (\$800).